

Amlak Finance PJSC

Investor Presentation

As at 31 December 2017

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Sections



1	Amlak at a Glance	
	Company Profile	4
	Through The Years	5
2	Strategic Focus	
	Key Strategies	7
	Strategic Enablers	8
	Corporate Values	9
	Business Overview	10
	Segment Strategy – REF	11
	Segment Strategy – REI	12
	Segment Strategy – CFI	13
3	2017 Financial Highlights	
	Group Income Statement	15
	Group Balance Sheet	16
4	Full Year Financial Highlights	
	Group Income Statement	18
	Group Balance Sheet	20
	Financial Ratios	22
5	Awards	
	2015 – 2017 Awards	25
6	Appendix	
	2017 Consolidated Statement of Income	27
	2017 Consolidated Statement of Financial Position	28
	Board of Directors	29
	Stakeholders Priorities	30
	Products and Services	31
	General Economic Indicators	32 - 36
7	Contact Investor Relations	

Amlak at a Glance

Company Profile



Background

- Amlak Finance PJSC was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a Private Shareholding Company.
- At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company.
- Amlak Finance is a leading specialized real estate financier in the Middle East.
- The activities of the Company are conducted in accordance with Islamic Sharia'a,
- Amlak offers a range of customized financial solutions and products to investors/clients for both ready and off-plan (under-construction) properties.
- Amlak expanded its presence to Kingdom of Saudi Arabia (KSA) in 2006 through investment in 'Amlak International for Real Estate Development and Finance Company'.
- Amlak launched its first international office in Egypt in 2007, which operates under the name 'Amlak Finance & Real Estate Investment (S.A.E.)'.

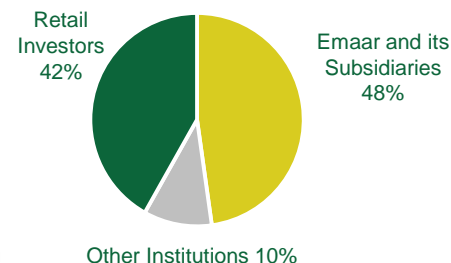
Subsidiaries and Associates

• Amlak Properties Investment LLC	UAE	100%
• Amlak Finance & Real Estate Investment (S.A.E.)	Egypt	100%
• Amlak International for Real Estate Development and Finance Company	KSA	26.39%

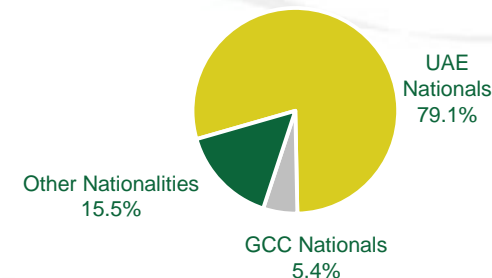
Geographic Presence



Ownership Structure

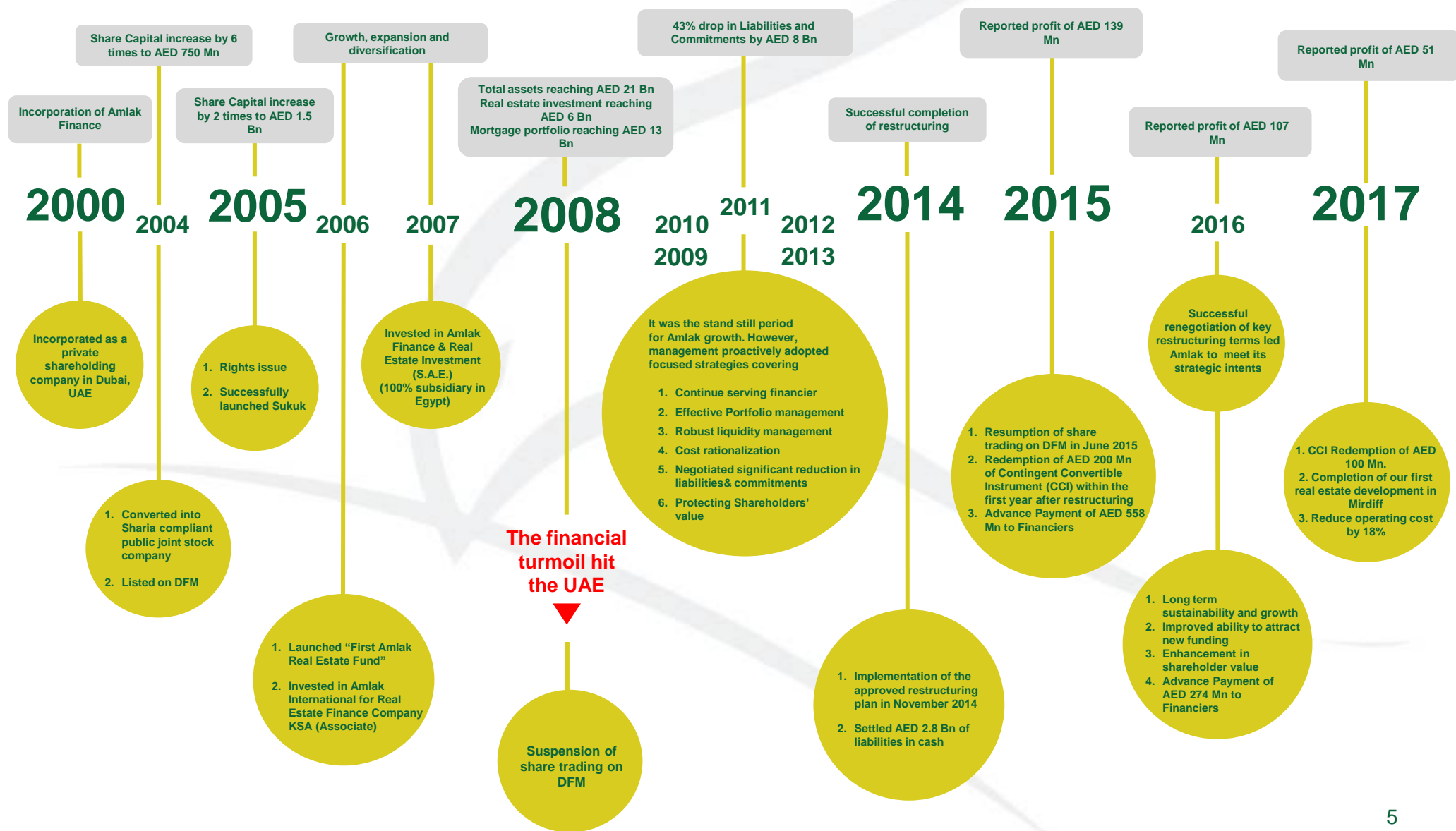


Nationality of Ownership



Amlak at a Glance

Through The Years



The background of the slide is a vibrant night-time photograph of the Dubai skyline. Numerous skyscrapers are illuminated with various colors of light, and their reflections are visible in the water in the foreground. The Burj Khalifa is the most prominent building in the center. The sky is a mix of orange, pink, and purple hues from the sunset.

Strategic Focus

Strategic Focus

Key Strategies



Strategic Priorities	Strategic Intent	Strategic Metrics
Adherence to Restructuring Agreement	<ul style="list-style-type: none"> Ensuring full compliance with and adherence to restructuring agreement signed with financiers Flawless implementation of restructuring milestones 	Compliance
Profitability and Growth	<ul style="list-style-type: none"> Build up real estate finance business comprising of both ready and under-construction properties for growth in core revenue streams Create long term value from real estate portfolio through development of land parcels Enhance shareholder profitability through improved margins and sustained operational efficiencies 	Remain Profitable
Sustainable Funding	<ul style="list-style-type: none"> Develop a sustainable model and continue to secure long-term funding subject to parameters and covenants agreed with financiers Develop a range of financing options both off and on balance sheet which are best suited keeping in view liquidity gap and refinancing needs 	Funds Availability
Value Proposition	<ul style="list-style-type: none"> Offer differentiated and targeted products, superior lead generation through attractive product marketing strategies, sales and service execution 	Product Innovation New Customer Segments
Organizational Capability	<ul style="list-style-type: none"> Improving customer service experience through effective use of technology, robust risk management, staff and talent development as well as boosting corporate brand. 	Customer Satisfaction
Cost Rationalization	<ul style="list-style-type: none"> Ensure cost rationalization to maintain and align efficiency ratios in line with industry best practices 	Efficiency

Enhance shareholder value whilst adhering to restructuring obligations

Strategic Focus

Strategic Enablers



Our Vision (*What we aim to become?*)

"To be a specialized and customer centric real estate financing institution in the UAE"

Our Mission (*What is our purpose?*)

"To provide niche financial solutions, customized to fit our customers' needs, while maximizing shareholder value and nurturing our employees"



Strategic Focus

Corporate Values



Our Corporate Values (*What we stand for?*)



Customer Centricity

Customers' needs are at the heart of what we do. We strive for excellence in customer service by providing superior service to our customers in a timely, efficient, and consistent manner. Our goal is to transform customer satisfaction to customer loyalty and advocacy.



Innovation

We drive and inspire innovation in the workplace, with the aim to build on our organizational capabilities, and expand our capacity for innovative & creative thinking, collaboration & readiness for action.



Value Creation

We strive to create value for our stakeholders, customers, investors, and the community at large. We aim to leverage our expertise and innovation to achieve sustainable growth for our company whilst serving the interests of our stakeholders.



Integrity

Amlak is committed to maintaining a culture of integrity; we operate with honesty, fairness, and the highest of ethical standards. We take great pride in building a relationship of trust with our stakeholders.



Nurturing People

We value our employees and it is our commitment to continually enhance their welfare, training and career and personal development. We strive to improve our working environment and drive forward our desired corporate behaviors.



Social Responsibility

Participating in initiatives that support the workplace, marketplace, community and environment is an integral part of what we do. We are dedicated to contributing to society and helping make a positive difference in the community we serve.

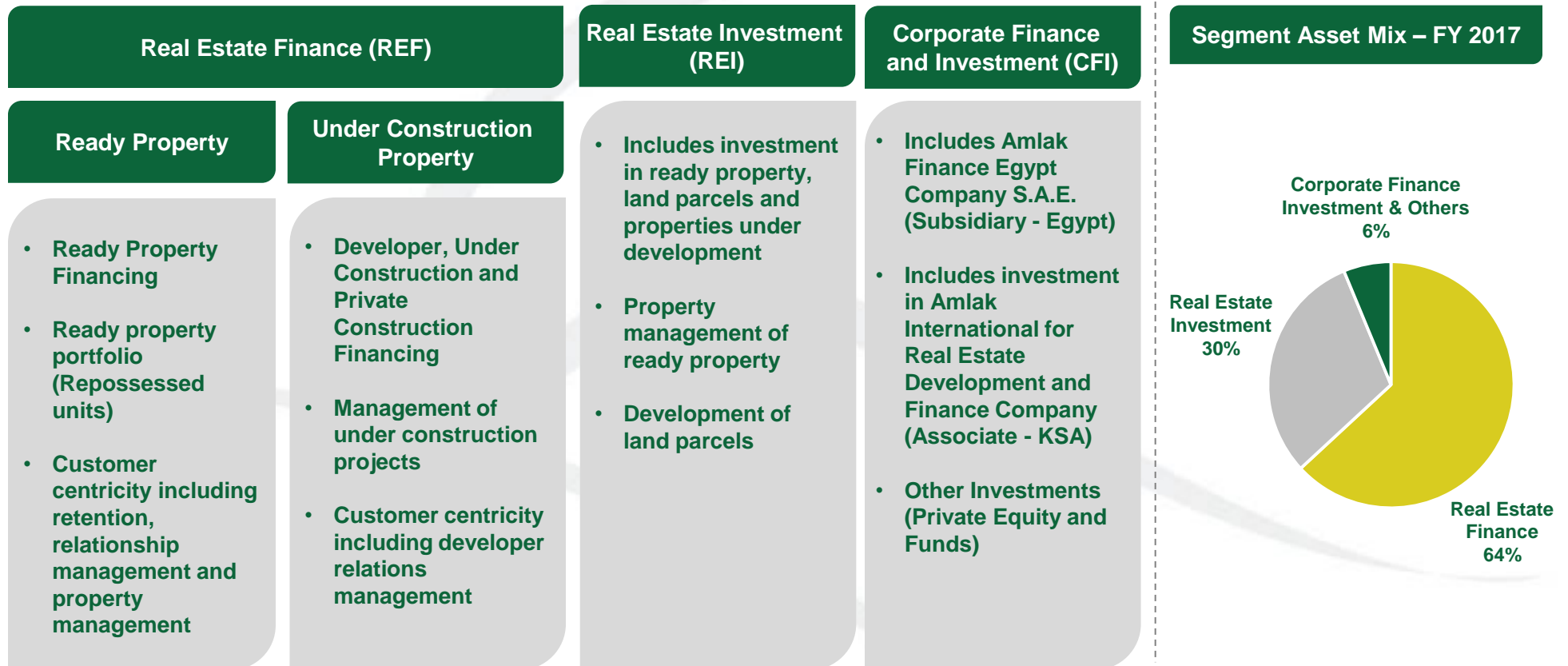
Strategic Focus

Business Overview



Amlak's overall business is being managed by way of 3 segments

Business Segments



Strategic Focus

Segment Strategy - REF



Real Estate Finance (REF)

Ready Property		Key Metrics	Actual 2017	Targeted 2018
<ul style="list-style-type: none"> Continue to pursue investors through investor related products Cross-sell to existing customers Offer innovative products and address under-served segments Ensure superior service to customers Utilize targeted marketing approach to reach identified client segments, utilizing alliances where appropriate Continue to sell Amlak Finance Investment Unit (AFIU) repossessed assets selectively with home finance package Improve portfolio quality 		Profit Rate	6%	6%
		Portfolio Level	AED 2.4Bn	AED 2.3Bn
		Delinquency Rate	4.4%	5.9%
		Rental Income	AED 26Mn	AED 23Mn
Under Construction Property		Key Metrics	Actual 2017	Targeted 2018
Developer Finance		Financing Income	AED 14Mn	AED 16Mn
<ul style="list-style-type: none"> Focus on transactions with high margin after fully applying robust risk management 		Profit Rate	11%	7%
Private Construction		Portfolio Level	AED 108Mn	AED 276Mn
<ul style="list-style-type: none"> Focus on higher-margin business with aim to capture larger market share of this untapped segment 				
Off Plan Financing				
<ul style="list-style-type: none"> Focus on building a healthy off-plan business Identification of new projects to ensure targeted off-plan business 				

Strategic Focus

Segment Strategy - REI



Real Estate Investment (REI)

- Focus on exit from REI after full redemption of Mudaraba Instrument (Contingent Convertible Instrument - CCI). This is expected to be achieved through enhancement of land parcel values by development and sale of ready property once Target Price agreed with financiers is reached
- Continue leasing ready property to maintain or improve yield until target price reached
- Focus on redemption of Mudaraba Instrument (CCI)
- Explore consolidation and enhancement of property management offering

Key Metrics	Actual 2017	Targeted 2018
Rental Income	AED 31Mn	AED 35Mn
Rental Yield	6%	5%
Mark to Market (MTM) on real estate assets	AED 65Mn	AED 108Mn
Development Completion % - Nad Al Hamar	78%	100%
Development Completion % - Al Ttay	Nil	50%
Sale % of Real Estate Assets – Nad Al Hamar	61%	63%
Cost to Income Ratio	32%	31%

Real Estate Portfolio

Ready Property	Under Construction Property	Land Parcel
<ul style="list-style-type: none"> Sky Gardens Remraam Discovery Gardens Waha Villas Al Ghadeer Mirdif 	<ul style="list-style-type: none"> Meydan Nad Al Hamar 	<ul style="list-style-type: none"> Al Ttay Nasr City Land (Egypt)

Strategic Focus

Segment Strategy - CFI



Corporate Finance and Investment (CFI)

- Focus on enhancing the value of core assets (especially Amlak KSA) by holding these performing investments for a longer duration with the view to sale as and when appropriate sale transaction crystalized
- Exit non-core, non-performing investments

Key Metrics	Actual 2017	Targeted 2018
Dividends	AED 17Mn	AED 10Mn
Efficiency Ratio	18%	23%
Return on Investment (ROI)	7%	9%



2017

Financial Highlights

2017 Financial Highlights

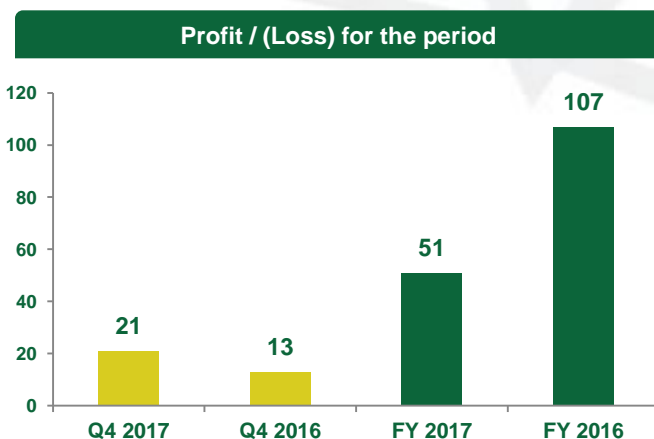
Group Income Statement



AED in Mn

Particulars	Q4 2017	Q4 2016	Q4 2017 vs. Q4 2016		FY 2017	FY 2016	FY 2017 vs. FY 2016	
			Variance	Change in %			Variance	Change in %
Income from Financing and Investing assets	48	51	(3)	-6%	191	206	(15)	-7%
Rental income	16	15	1	7%	61	57	4	7%
Share of results of an associate	7	7	-	0%	26	28	(2)	-7%
Sale of properties under development	16	33	(17)	-52%	52	429	(377)	-88%
Fair value gain / (loss) on investment properties	45	18	27	150%	69	18	51	283%
Other Income	10	28	(18)	-64%	33	40	(7)	-18%
Total Income	142	152	(10)	-7%	432	778	(346)	-44%
Reversal of impairments / (impairments)	(14)	(31)	17	-55%	-	(66)	66	-100%
Amortisation of initial fair value gain on investment deposits	(28)	(26)	(2)	8%	(110)	(110)	-	0%
Operating Expenses	(39)	(38)	(1)	3%	(122)	(149)	27	-18%
Cost of sale of properties under development (including related operating expenses)	(8)	(14)	6	-43%	(24)	(219)	195	-89%
Profit Before Distribution to financiers / investors	53	43	10	23%	176	234	(58)	-25%
Distribution to financiers / investors	(32)	(30)	(2)	7%	(125)	(127)	2	-2%
Profit / (Loss) for the year	21	13	8	62%	51	107	(56)	-52%

FY 2017 stands for the 12 months period ended 31st December 2017 and 2016 and Q4 stands for the fourth quarter of the year only (i.e. 3 months Sep to Dec)



Highlights
<ul style="list-style-type: none"> Reported AED 51 Million in net profits despite the challenging macroeconomic environment the GCC has witnessed during 2017. Rental Income increased during comparable periods due to increase in rental yielding pool of foreclosed units. 88% drop in Sale of properties under development due to management strategy to hold onto the assets for better market conditions. AED 51 Million increase in Fair Value Gain on Investment Properties due to completion of our first real estate development in Mirdif. No impairment charge as of December 31, 2017 compared to AED 66 million in 2016 which reflects embedded strength in the quality of credit on financing portfolio. Drop in Operating Expenses is due to continuing cost rationalization strategy. Slight decrease in profit distributable to financiers mainly due to a reduction in overall Islamic deposit liabilities between the comparable periods.

2017 Financial Highlights

Group Balance Sheet



AED in Mn

Particulars	FY 2017	FY 2016	FY 2017 vs. FY 2016	
			Variance	Change in %
Cash and Balances with Banks	673	621	52	8%
Islamic Financing and Investing Assets	3,085	3,220	(135)	-4%
Real Estate Investments	2,357	2,167	190	9%
Corporate Investments	315	301	14	5%
Other Assets	149	184	(35)	-19%
Total Assets	6,579	6,493	86	1%
Investment Deposits and Other Islamic Financing	4,858	4,740	118	2%
Other Liabilities (Incl Non-Controlling Interest)	278	260	18	7%
Equity	1,443	1,493	(50)	-3%
Total Equity & Liabilities	6,579	6,493	86	1%

Highlights

Slight increase in total assets, with total assets standing at AED 6.6 Bn

Key Ratios	FY 2017	FY 2016	Indicator
Net Financing to Deposit Ratio	64%	68%	↑
Non-Performing Financing Asset to Total Asset Ratio	7%	9%	↑
Liquid Assets to Total Assets	16%	11%	↑
Return on Equity (Annualized)	3%	7%	↓
Return on Assets (Annualized)	1%	2%	↓
Net Profit Margin (Annualized)	2%	2%	↔
Cost to Income Ratio	32%	43%	↑



Full Year

Financial Highlights

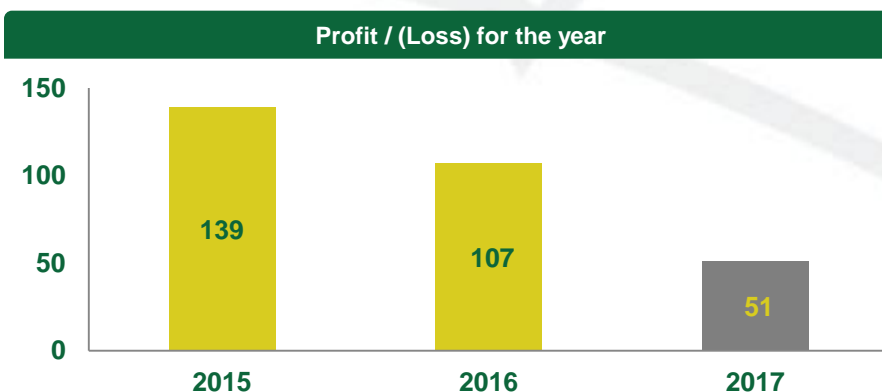
Full Year Financial Highlights

Group Income Statement



AED in Mn

Particulars	FY 2017	FY 2016	FY 2015	Change in %	
				2017 vs. 2016	2016 vs. 2015
Income from financing and Investing assets	191	207	297	-7%	-30%
Rental income	61	56	46	7%	22%
Share of results of an associate	26	28	25	-7%	12%
Sale of properties under development	52	429	74	-88%	480%
Fair value gain / (loss) on investment properties	69	18	67	283%	-73%
Other Income	33	40	23	-18%	74%
Total Income	432	778	532	-44%	46%
Reversal of impairments / (impairments)	-	(66)	81	-100%	-181%
Amortization of initial fair value gain / (Fair value gain) on investment deposits	(110)	(110)	(132)	-	-17%
Operating Expenses	(122)	(149)	(158)	-18%	-6%
Cost of sale of properties under development (including related operating expenses)	(24)	(219)	(43)	-89%	409%
Profit Before Distribution to financiers / investors	176	234	280	-25%	-16%
Distribution to financiers / investors	(125)	(127)	(141)	-2%	-10%
Profit / (Loss) for the year	51	107	139	-52%	-23%



- Highlights**
- 1) Total revenues including sale of properties under development decreased to AED 432 million in 2017, down by 44% compared to AED 778 million in 2016 due to reduction of sale of properties under development.
 - 2) 88% drop in Sale of properties under development due to management strategy to hold onto the assets for better market conditions.

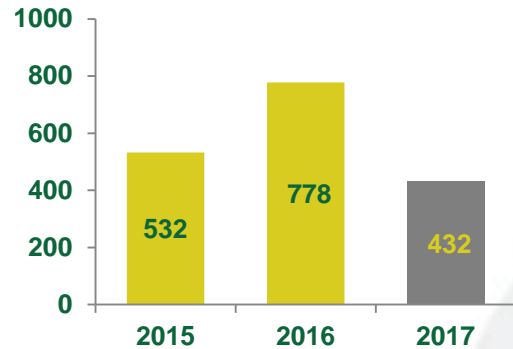
Full Year Financial Highlights

Group Income Statement (cont'd)



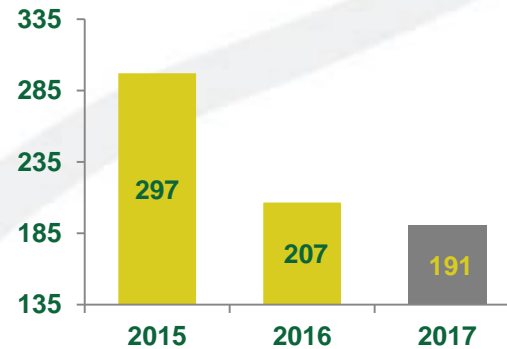
AED in Mn

Total Income



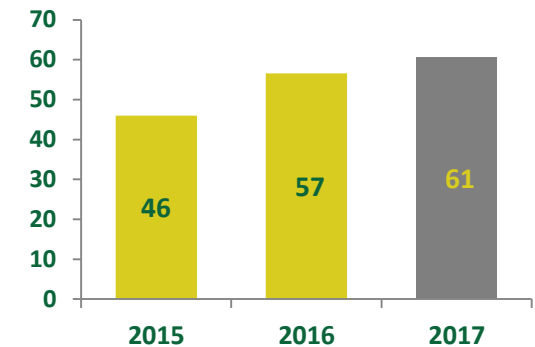
- 2015/16 - mainly due to net gains recorded on sale of properties under development
- 2017 – decrease due to reduction of sale of properties under development.

Income from Financing and Investing Assets



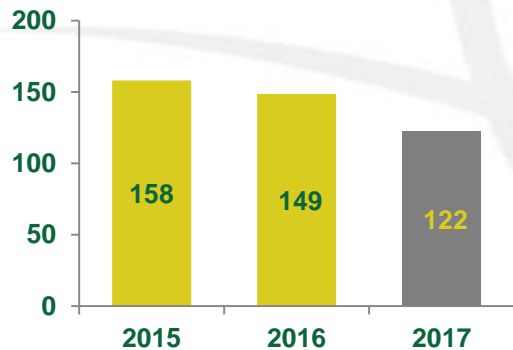
- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

Rental Income



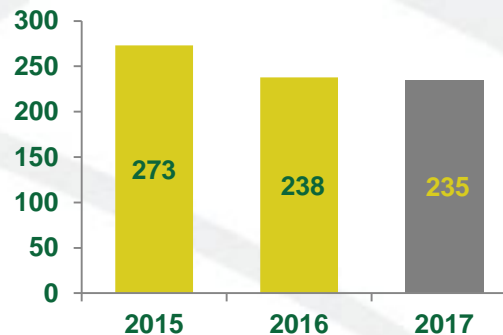
- Higher volume of Re-possessed (Foreclosed) Units along with market driven rental index

Operating Expenses



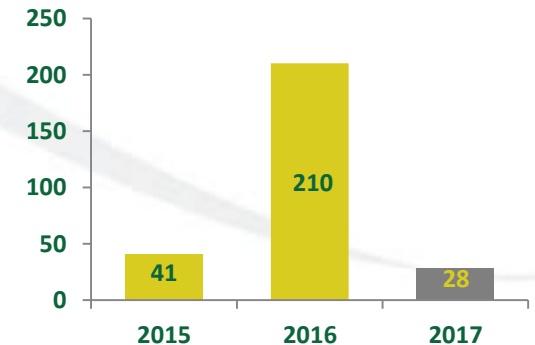
- Cost Rationalization Measures

Distribution to Financiers/ Investors and Amortization of Initial Fair Value Gain on Investment Deposits



- Advance payment to financiers

Net Gain on Sale of Properties Under Development



- Reduction in sale of properties under development

Full Year Financial Highlights

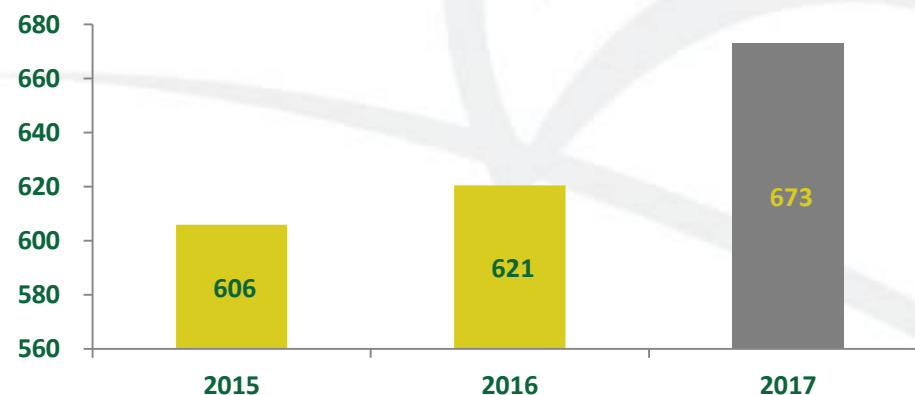
Group Balance Sheet



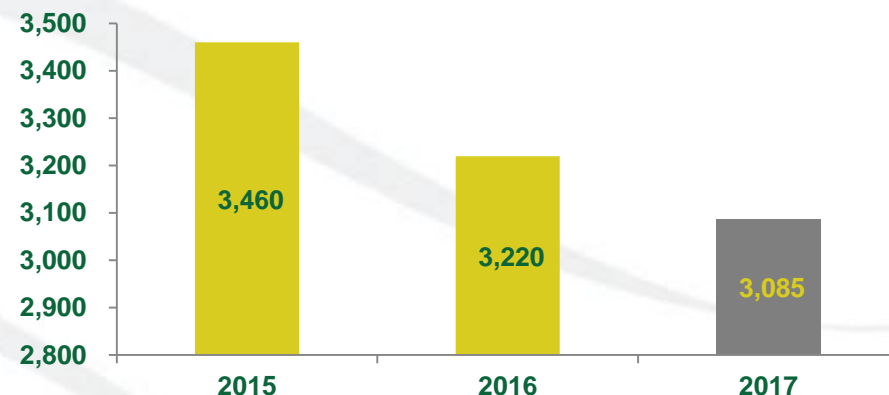
AED in Mn

Particulars	FY 2017	FY 2016	FY 2015	Change in %	
				2017 vs. 2016	2016 vs. 2015
Cash and Balances with Banks	673	621	606	8%	2%
Islamic Financing and Investing Assets	3,085	3,220	3,460	-4%	-7%
Real Estate Investments	2,357	2,167	2,411	9%	-10%
Corporate Investments	315	301	308	5%	-2%
Other Assets	149	184	103	-19%	79%
Total Assets	6,579	6,493	6,888	1%	-6%
Investment Deposits and Other Islamic Financing	4,858	4,740	4,915	2%	-4%
Other Liabilities (Incl. Non-Controlling Interest)	278	260	386	7%	-33%
Equity	1,443	1,493	1,587	-3%	-6%
Total Equity & Liabilities	6,579	6,493	6,888	1%	-6%

Cash and Balances with Banks



Islamic Financing and Investing Assets



- Lower origination of new businesses

- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

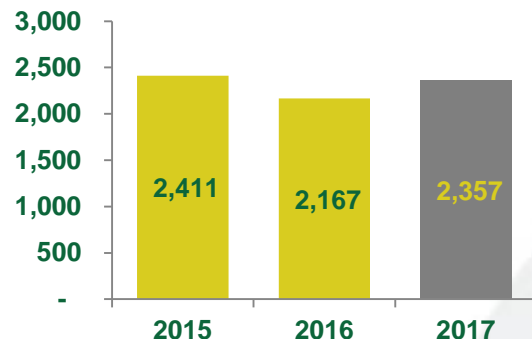
Full Year Financial Highlights

Group Balance Sheet (cont'd)



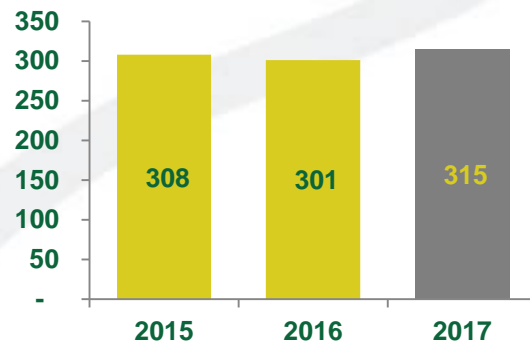
AED in Mn

Real Estate Investments



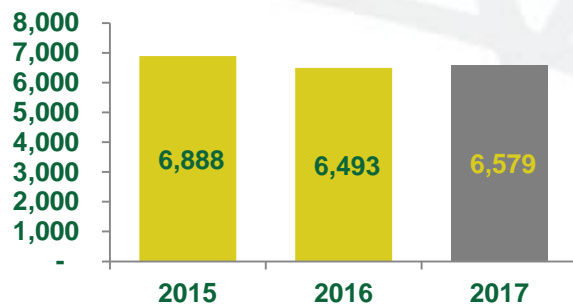
- Increase mainly due to recognition of fair value gain on investment properties

Corporate Investments



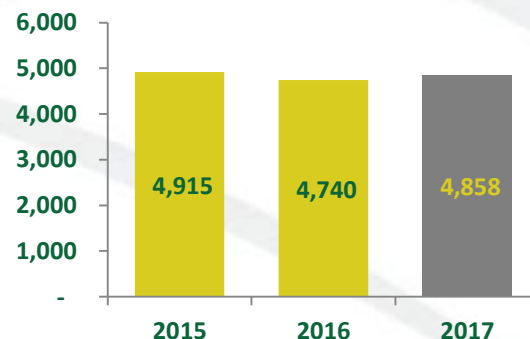
- No significant movement

Total Assets



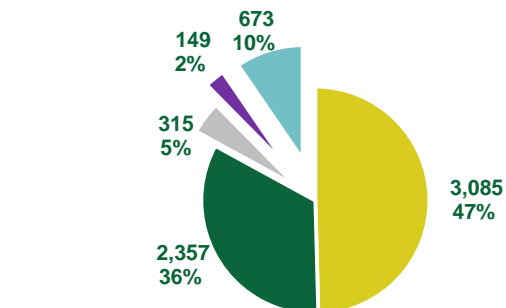
- Increase predominantly due to increase in Real Estate Investment assets

Investment Deposits and Other Islamic Financing



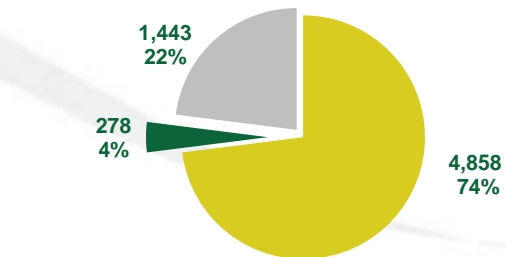
- Amortization cost representing the unwinding of fair value gains on initial recognition of investment deposits.

Assets Mix – 2017



- Islamic financing and investing assets
- Real estate investments
- Corporate investments
- Other assets
- Cash and balances with banks

Liability and Equity Mix - 2017



- Investment deposits and other Islamic financing
- Other liabilities (incl non-controlling interest)
- Equity attributable to equity holders of the parent

Full Year Financial Highlights

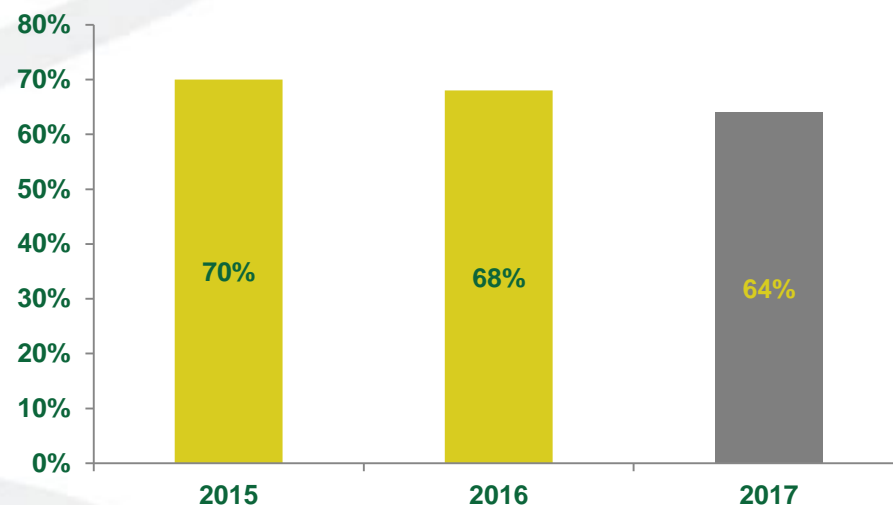
Financial Ratios



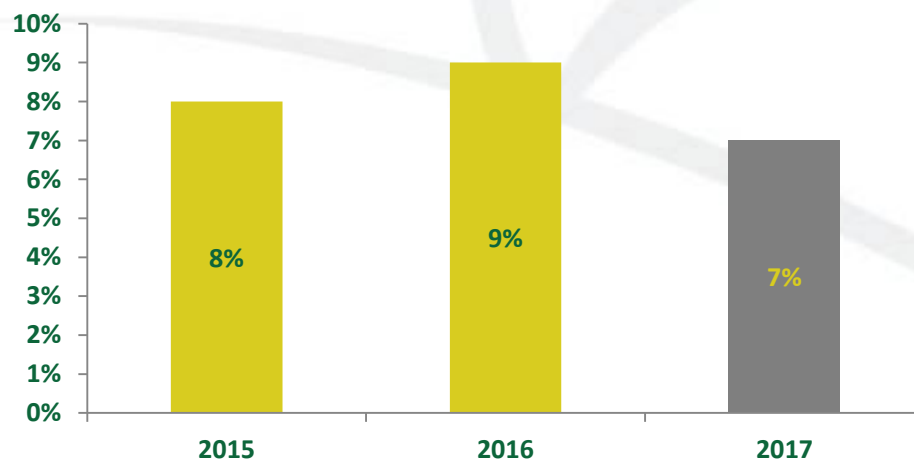
Highlights

Key Ratios	FY 2017	FY 2016	FY 2015
Net Financing to Deposit Ratio	64%	68%	70%
Non-Performing Financing Asset to Total Asset Ratio	7%	9%	8%
Liquid Assets to Total Assets	16%	11%	7%
Return on Equity	3%	7%	8%
Return on Assets	1%	2%	2%
Net Profit Margin	2%	2%	3%
Cost to Income Ratio	32%	43%	35%

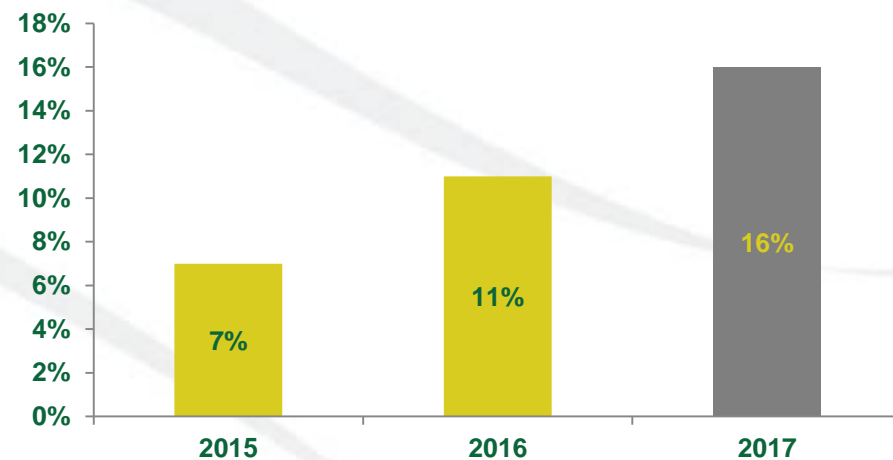
Net Financing to Deposit Ratio



Non-performing Financing Assets to Total Asset Ratio



Liquid Assets to Total Assets Ratio

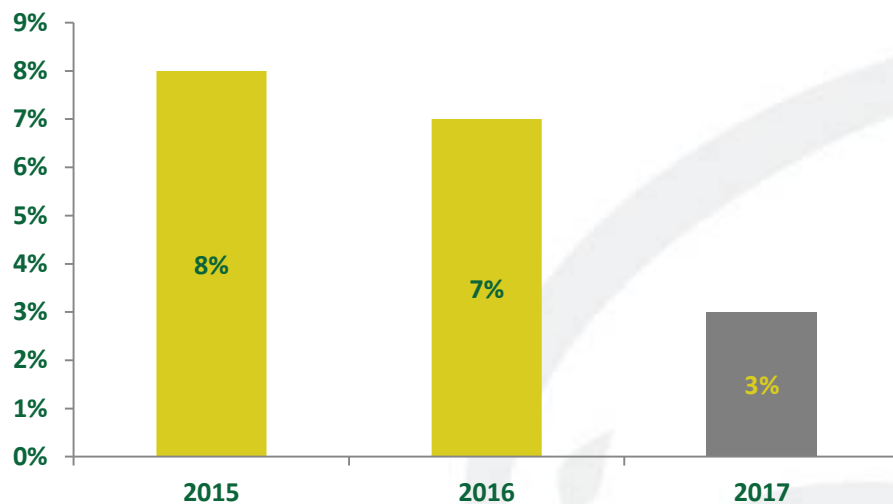


Full Year Financial Highlights

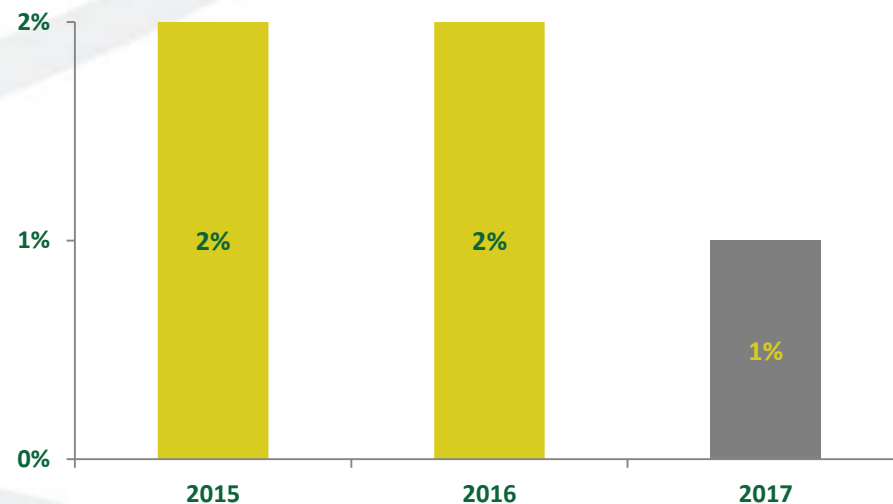
Financial Ratios (cont'd)



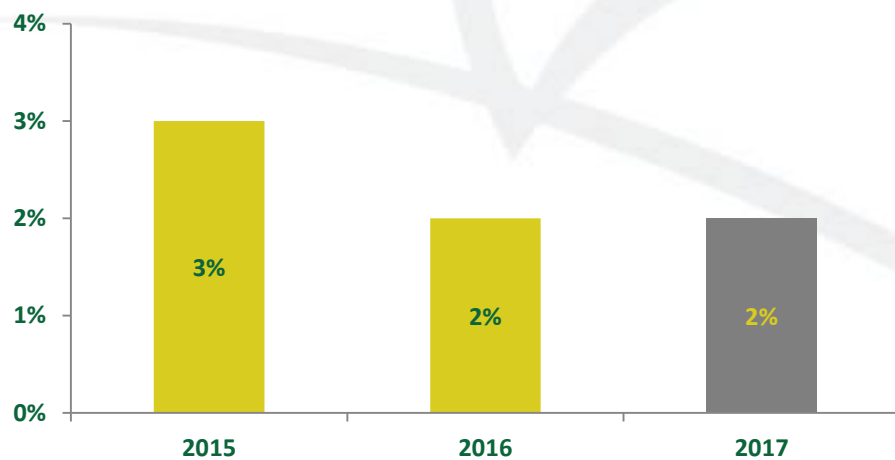
Return on Equity (ROE)



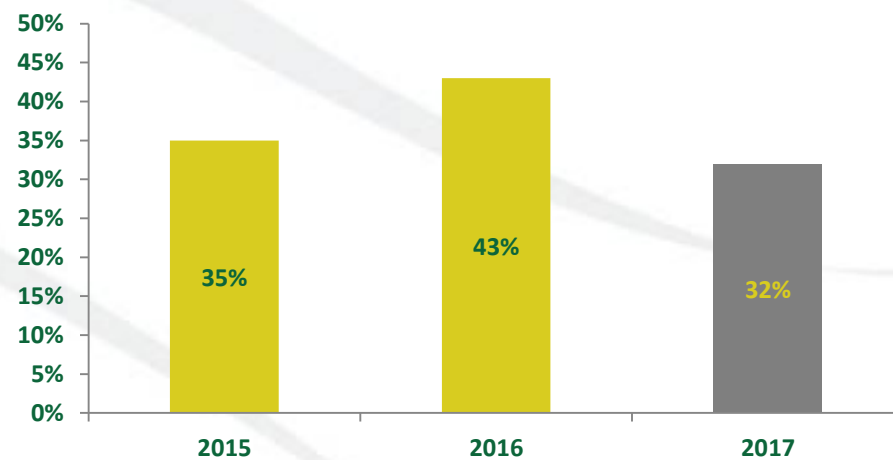
Return on Average Assets (ROA)



Net Profit Margin



Cost to Income Ratio





Awards

2015 – 2017 Awards



1. Dubai Chamber's CSR Label 2015
2. Finance Monthly CEO Award 2015
3. Finance Monthly CFO Award 2015
4. Best Islamic Finance CSR Company UAE 2015
5. Best Sharia Compliant Property Finance Company 2015
6. Innovation in Islamic Finance
7. Restructuring Deal of The Year 2014

1. Dubai Chamber's CSR Label 2016
2. Best Islamic Finance CSR Company UAE 2016
3. Best Sharia Compliant Property Finance Company UAE 2016
4. Innovation in Property Finance 2017
5. Islamic Finance of the year Award Dubai 2016
6. Finance Monthly CEO Award 2016
7. Top CEO
8. Most Innovative Takaful Product - Platinum Lifestyle Takaful, UAE 2016
9. Best Shari'a Compliant Property Finance Company 2016 , UAE 2016

1. Best Sharia Compliant Property Finance Company
2. Best Islamic Finance CSR Company UAE 2017
3. Best for Sharia Compliant Property Finance
4. 2017 UAE Leading Decision Makers Award Chief Executive Officer of The Year 2017 – Dubai.
5. Best Real Estate Product (Double Your Property)_ UAE
6. Best Home Finance Company

Appendix



Appendix

2017 Consolidated Statement of Income



AED '000

Particulars	Q4 2017	Q4 2016	FY 2017	FY 2016	Change in %
					FY 2017 vs. FY 2016
Income from Islamic financing and investing assets	46,478	50,459	184,456	200,493	-8%
Fee income	2,113	959	6,635	6,119	8%
Income on deposits	1,639	2,051	6,487	7,135	-9%
Rental income	15,507	15,019	60,597	56,602	7%
Fair value gain on investment properties	45,626	18,070	69,530	18,070	285%
Sale of properties under development	16,470	32,938	52,217	428,826	-88%
Other income	9,063	26,500	26,967	33,042	-18%
	136,896	145,996	406,889	750,287	-46%
Reversal of impairment / (impairment) on:					
- Islamic financing and investing assets	(13,994)	(31,070)	218	(66,685)	-100%
- Other assets	(159)	52	196	957	-80%
Amortization of initial fair value gain on investment deposits	(28,090)	(26,757)	(110,013)	(110,430)	0%
Operating expenses	(41,267)	(39,516)	(125,089)	(171,478)	-27%
Cost of sale of properties under development	(7,137)	(12,040)	(21,670)	(196,117)	-89%
Share of results of an associate	7,004	7,018	25,568	27,905	-8%
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS	53,253	43,683	176,099	234,439	-25%
Distribution to financiers / investors	(31,626)	(30,789)	(124,764)	(127,392)	-2%
PROFIT / (LOSS) FOR THE PERIOD	21,627	12,894	51,335	107,047	-52%
Attributable to:					
Equity holders of the parent	20,536	16,381	42,550	107,440	-60%
Non-controlling interests	1,091	(3,487)	8,785	(393)	-2335%
	21,627	12,894	51,335	107,047	-52%

Appendix

2017 Consolidated Statement of Financial Position



AED '000

Particulars	FY 2017	FY 2016	Change in % FY 2017 vs. FY 2016
ASSETS			
Cash and balances with banks	673,015	620,502	8%
Islamic financing and investing assets	3,084,983	3,219,711	-4%
Available-for-sale investments	12,387	7,688	61%
Advances for investment properties	322,818	322,818	0%
Investment properties	1,821,064	1,623,096	12%
Properties under development	212,849	220,679	-4%
Investment in an associate	302,567	293,540	3%
Other assets	132,489	162,350	-18%
Furniture, fixtures and office equipment	17,072	22,284	-23%
TOTAL ASSETS	6,579,244	6,492,668	1%
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits & other Islamic financing	4,792,037	4,682,024	2%
Term Islamic financing	66,136	57,704	15%
Employees' end of service benefits	6,551	6,157	6%
Other liabilities	143,612	135,091	6%
TOTAL LIABILITIES	5,008,336	4,880,976	3%
Equity			
Equity attributable to equity holders of the parent			
Share capital	1,500,000	1,500,000	0%
Treasury Shares	(93,048)	(93,048)	0%
Statutory reserve	122,650	117,690	4%
General reserve	122,650	117,690	4%
Special reserve	99,265	99,265	0%
Mudaraba Instrument	215,472	231,128	-7%
Mudaraba Instrument reserve	810,088	868,947	-7%
Cumulative changes in fair value	698	1,663	-58%
Foreign currency translation reserve	(323,595)	(334,691)	-3%
Accumulated losses	(1,011,193)	(1,016,088)	0%
	1,442,987	1,492,556	-3%
Non-controlling interests	127,921	119,136	7%
TOTAL EQUITY	1,570,908	1,611,692	-3%
TOTAL LIABILITIES AND EQUITY	6,579,244	6,492,668	1%

Appendix

Board of Directors



Mr. Ali Ibrahim Mohammad
Chairman



Mr. Essamuddin Galadari
Vice-Chairman



Mr. Saleh Saeed Lootah
Board Member



Mr. Farooq Mahmood Arjomand
Board Member



Mr. Hesham Abdulla Al Qassim
Board Member



Major General Ahmad Hamdan Bin Dalmook
Board Member



Mr. Arif Alharmi
**Managing Director and
Chief Executive Officer**

Appendix

Stakeholders Priorities



Appendix

Products and Services



Istithmari

Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijarah) product in the region, designed for investors looking to invest in completed residential and commercial properties. Customers are also provided with a complimentary full suite of Property Management Services.

Ijarah

Ijarah is the basic home finance product aimed towards end users for residential as well as commercial property in both ready and under-construction projects. Under Ijarah, Amlak buys the property from the developer/seller and leases it out to the customer with a promise to sell at the end of the lease term. The customer pays monthly rentals that comprise of fixed, variable and supplementary rentals.

Double Your Property Portfolio

This first-of-its-kind product is designed for UAE resident as well as non-resident investors who have equity in UAE property to double their property portfolio. The product provides eligible investors with increased returns on their real estate investments as well as attractive financing terms. Amlak will facilitate the entire new investment process using the refinanced amount. Investors can enjoy complete access to Amlak's diverse real estate portfolio and receive complimentary property management services.

Tatweer

Tatweer is an under-construction financing product for a Buy-To-Let property as well as for end users. Finance is supplemented by a complimentary full suite of property management services that comes into effect post completion and handover of the property.

Developer Finance

Developer Finance is a tailored financing solution offered for real estate projects being developed in freehold areas of Dubai by licensed developers. Prospective developers have the option to benefit from finance options under various facility structures and other value added services.

Private Construction Finance

Private Construction Finance is offered to individuals or corporates that carry out under construction projects with an intention to either rent, occupy or operate the development, post construction completion. Although the product is primarily targeted towards the wholesale segment, individual or retail applications are also catered under the same offer on case by case basis.

Appendix

General Economic Indicators - UAE and Dubai Economy



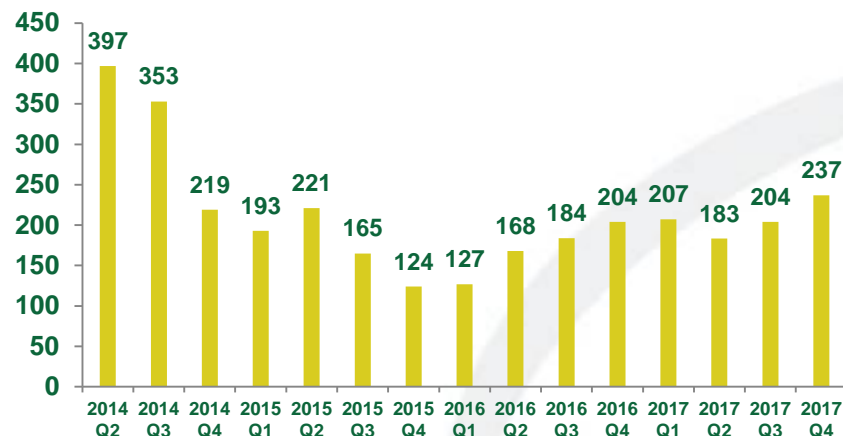
- Dubai's Gross Domestic Product (GDP) grew **3.2%** in 2017 and is estimated to pick up in 2018 to **3.5%**.
- According to Dubai Statistical Center, the population of Dubai stands at **2,976,455** which showed a **10%** increase since last year.
- Nearly **seven million** passengers travelled through Dubai International airport (DXB) in November, when compared to the same term last year there is a **5.6% increase** in the passenger traffic.
- The Business Registration and Licensing sector in Dubai Economy issued **19,877 new licenses** in 2017, and registered a total of **288,878** transactions.
- According to figures by Dubai Statistical Center, the consumer price index as of December 2017 stands at **108.89**, which is up by **1.5%** when compared to the same term last year.
- Dubai adopted its 2018 budget foreseeing expenditure of **\$15.5 billion (AED56.6bn)**, a **19.5 percent increase** over last year, as Dubai prepares to host Expo 2020.

Appendix

General Economic Indicators - Key Economic Indicators

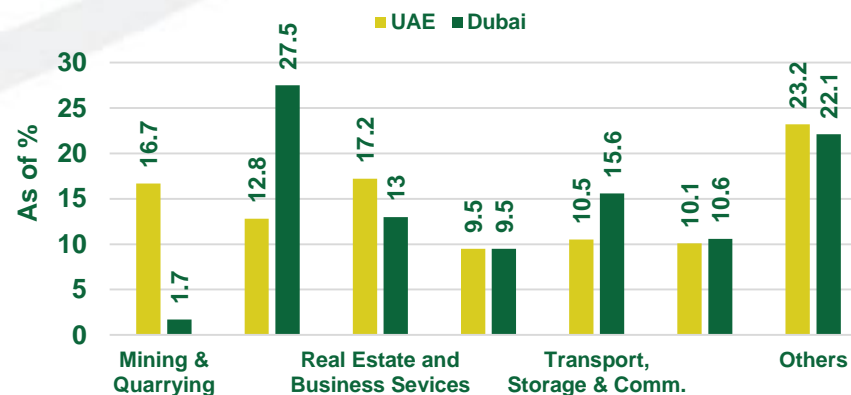


1 Brent OPEC Oil Basket Price in UAE (AED)



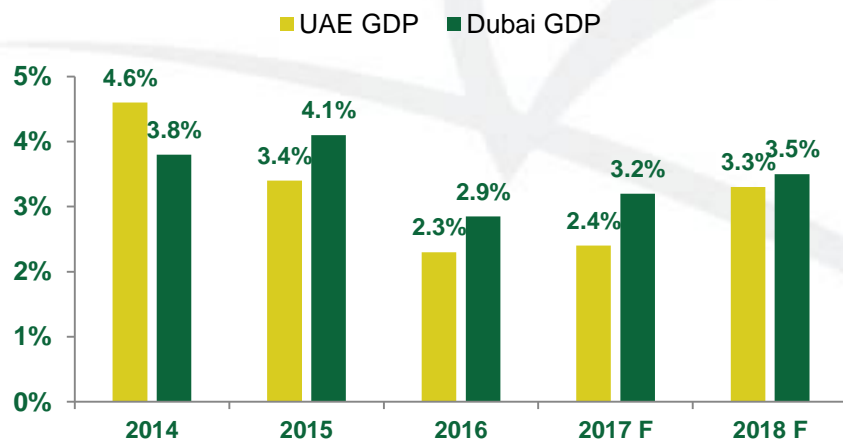
Source: OilPrice.com

Distribution of GDP Sectors (in %) – UAE & Dubai 2016



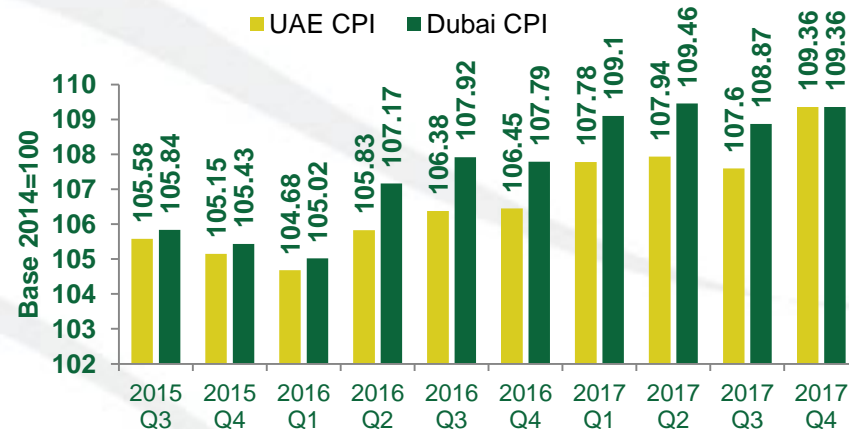
Source: Dubai Statistics Center, National Bureau of Statistics

UAE & Dubai GDP Growth Rates



Source: Ministry of Economy

Consumer Price Index (CPI) – UAE & Dubai



Source: Dubai Statistics Center, National Bureau of Statistics

Appendix

General Economic Indicators - Dubai Real Estate Market



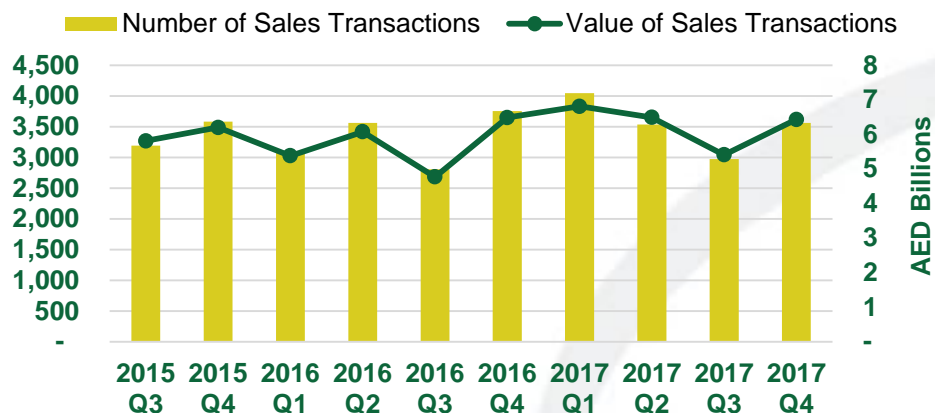
- Dubai registered **69,000** real estate transactions exceeding **Dh285 billion** in 2017, according to the Dubai Land Department (DLD). This compares to property transactions worth **Dh259 billion** entered through **41,776** deals in 2016.
- The Dubai residential sales and rental prices have been under immense pressure since the beginning of 2017 owing to the influx of new and affordable housing units in the market. A Y-on-Y analysis of Sales and Rent prices indicates a **3.8% and 7.4% decline** in prices respectively.
- The Dubai office market has been really robust this year, owing to the diverse nature of the occupiers, which is linked to Dubai's heavily diversified economy. A yearly analysis reveals a mere drop of **0.9%** in the rent prices and a **0.3%** in the sales prices.
- Average rent prices across various communities in Dubai noticed a price decline in 2017 owing to the massive residential supply added throughout the year. A decline in job openings/growth and slow economic growth has put immense pressure on the rentals.
- There was a resurgence observed in the residential ready market transactions in the first half of 2017 which continued throughout the year. Sales transactions were **up by 15%** when compared to the previous year as residential units have become more affordable now.
- Around **22,000** units were added into the Dubai real estate market in 2017 with a **50%** realization rate.

Appendix

General Economic Indicators - Key Real Estate Indicators

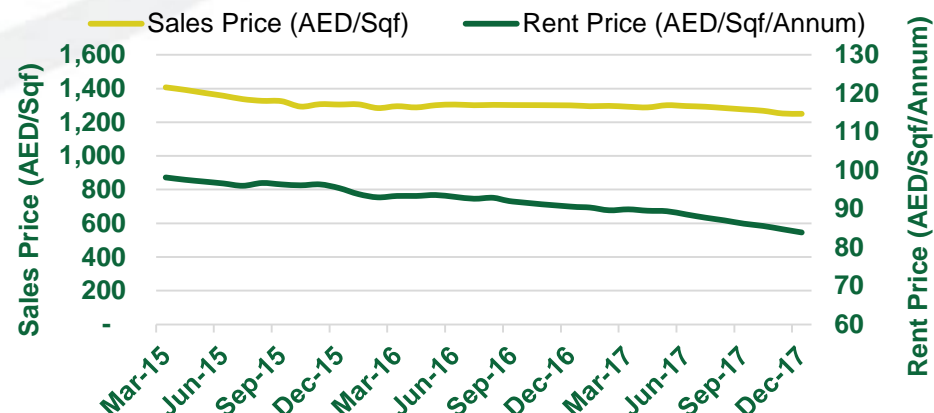


Number and Value of Real Estate Transactions



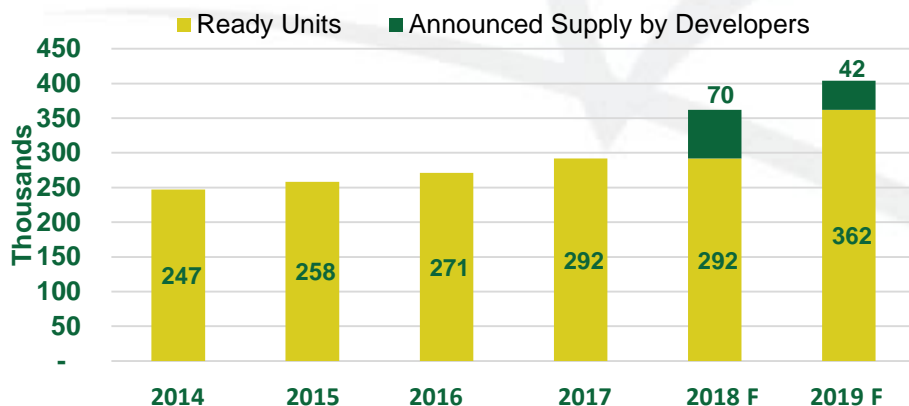
Source: Reidin

Dubai Residential Sales and Rental Price Changes



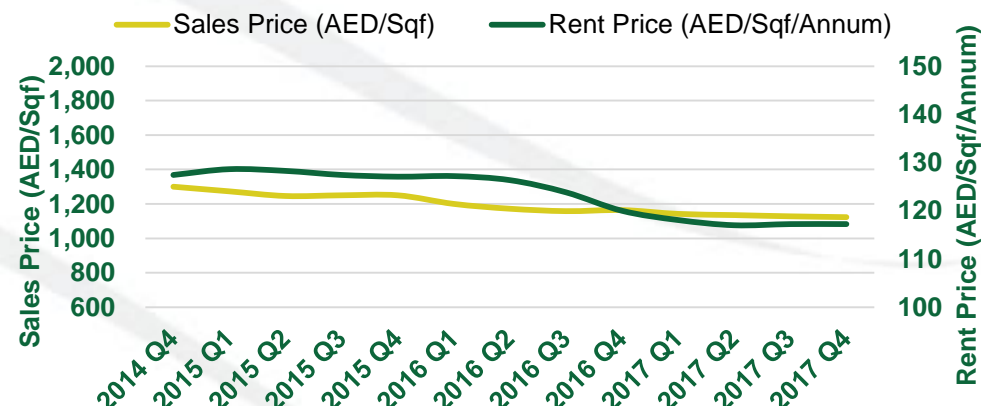
Source: Reidin

Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

Dubai Commercial Rental Prices



Source: Reidin

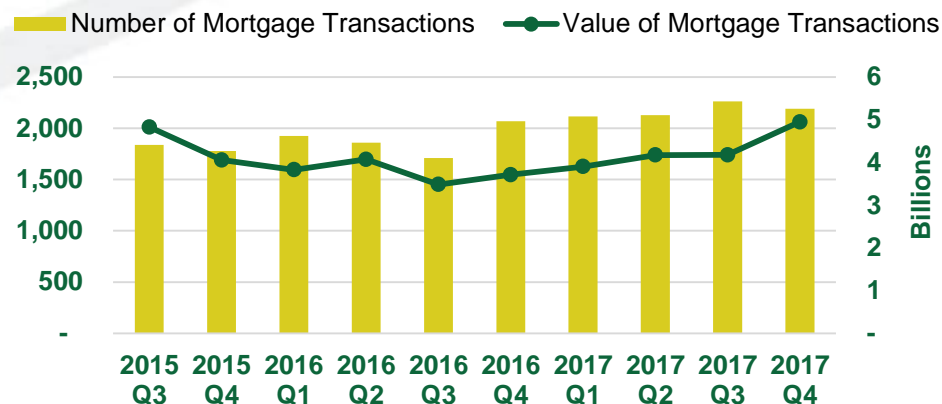
Appendix

General Economic Indicators - Dubai Mortgage Market



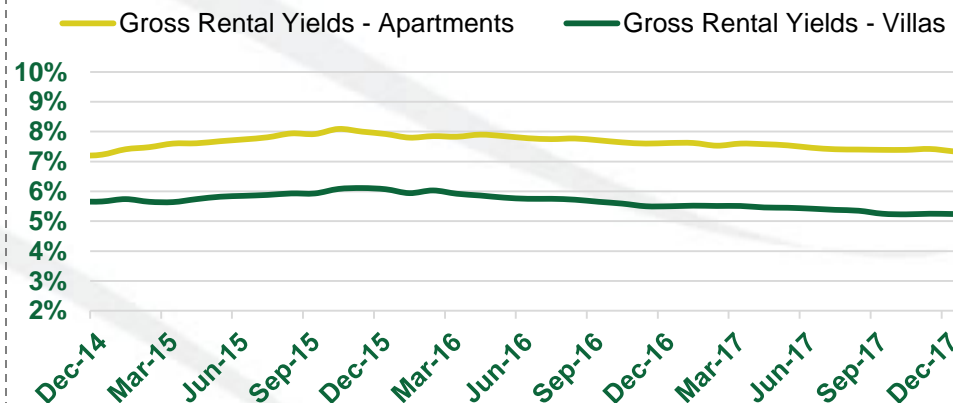
- Number of Mortgage transactions have had a steady increase since 2015 (**up by 14%** when compared to the previous year); owing to an increase in home ownership and new innovative mortgage products offered by local banks even though cost of money went up.
- The UAE has hiked interest rates **twice** this year in response to the US doing so. With the US economy stabilizing, it is anticipated that the Fed might raise rates by **0.5 per cent to one per cent** in the next one year.
- The US Fed are likely to raise policy rates **four times** in 2018 compared to the earlier forecast of three hikes. Based on announcements this will have a similar impact on the UAE market.
- The recent supply surge has mounted additional weight to the existing market, rentals declines have continued to outpace sales prices which has caused the gross rental yields to decline further.
- As of December 2017, the gross rental yields for the apartment segment stands at **7.3%** while the villa segment currently provides a yield of **5.2%**.

Mortgage Transactions Over the Years



Source: Reidin

Rental Yields in Dubai



Source: Reidin



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